Ministry of Agriculture

Irrigation Crop Diversification Corporation

Annual Report for 2016-17

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Government of Saskatchewan

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Letters of Transmittal

The Honourable Lyle Stewart
Minister of Agriculture

June 30, 2017

Her Honour, the Honourable Vaughn Solomon Schofield
Lieutenant Governor of Saskatchewan

May it please Your Honour:

As the Minister of Saskatchewan Agriculture, it is my pleasure to submit the annual report for the Irrigation Crop Diversification Corporation for the year ending March 31, 2017.

Respectfully submitted,

Lyle Stewart
Minister of Agriculture

Jay Anderson,
Chairman

June 30, 2017

The Honourable Lyle Stewart
Minister of Agriculture

Sir:

I wish to present to you the annual report of the Irrigation Crop Diversification Corporation for the 12 months ending March 31, 2017.

Respectfully submitted,

Jay Anderson
Chairman

Objects and Purposes of ICDC – *The Irrigation Act, 1996*

The objects and purposes of the Irrigation Crop Diversification Corporation (ICDC) are:

- To research and demonstrate to producers and irrigation districts profitable agronomic practices for irrigated crops;
- To develop and/or assist in developing varieties of crops suitable for irrigated conditions;
- To provide land, facilities and technical support to researchers to conduct research into irrigation technology, cropping systems and soil and water conservation measures under irrigation and to provide information respecting that research to district consumers, irrigation districts and the public; and
- To co-operate with the Minister in promoting and developing sustainable irrigation in Saskatchewan.

ICDC
Irrigation Crop Diversification Corporation

Board of Directors

The following served as Directors of ICDC in 2016-17:

Name	Position	Irrigation District	Development Area Represented	Election Year (#Terms)
Jay Anderson	Chairman	SSRID#1	LDDA	2017 (2)
David Bagshaw	Director	Luck Lake ID	LDDA	App. (2)
Kevin Plummer	Director	Moon Lake ID	NDA	App. (1)
Paul Heglund	Director	Consul-Nashlyn ID	SWDA	2017 (1)
Greg Oldhaver	Director	Miry Creek ID	SWDA	2017 (2)
Anthony Eliason	Vice-Chairman	Individual	Non-district	2018 (1)
Nigel Oram	Alt. Vice-Chairman	Grainland ID	SEDA - At Large	App. (2)
Aaron Gray	Director	Brownlee ID	SIPA rep.	App.
Joel Vanderschaaf	Director	SSRID#1	SIPA rep.	App.
Penny McCall	Director		Ministry rep.	By Order in Council
Kelly Farden	Director		Ministry rep.	By Order in Council

The four development areas are: Northern (NDA), South Western (SWDA), South Eastern (SEDA) and Lake Diefenbaker (LDDA) as defined in ICDC's bylaws.

ICDC Directors are elected by district delegates in attendance at the annual meeting. Each irrigation district is entitled to send one ICDC delegate per 5,000 irrigated acres or part thereof. Two directors are elected from LDDA, two from SWDA, and one from NDA and SEDA. Non district irrigators elect one representative.

The Saskatchewan Irrigation Projects Association (SIPA) and Saskatchewan Ministry of Agriculture appoint two directors each to the ICDC board. The ICDC board must, by law, have irrigators in the majority.

2016-17 Highlights

Irrigation Crop Diversification Corporation (ICDC) projects in 2016-17 included:

- **Field Crops:** Field scale demonstrations evaluating disease management strategies for flax, canola and soybeans. Small plot trials including varietal assessments on 10 crops, soybean agronomy, fababean agronomy, plant growth regulators in cereals, production systems for dry beans and niche crop demonstration.
- **Horticulture Crops:** Demonstrations of sweet potato production and varietal assessments of tomato and cucumbers in high tunnels. Demonstrations of fingerling potato production, field cucumber production, bunching and Spanish onions, and green bell and chili peppers. Sequential plantings of romaine lettuce.
- **Forage Crops:** Demonstrations of perennial forage crops, salt-tolerant forages, corn varieties for silage and grazing, and copper and zinc fertilization of alfalfa.
- **Nutrient Management:** Field scale demonstration trials assessing boron fertility in canola, and zinc and molybdenum fertility in pulses.
- **Water Management:** Irrigation scheduling and refinement of water management of pulse crops.
- **South West Irrigation Development Area:** Forage crop fertility demonstration on flood irrigation at Lodge Creek. Reclamation of sodium-impacted soils.
- **Technology Transfer:** Saskatchewan Ministry of Agriculture and ICDC staff participated in the Canada-Saskatchewan Irrigation Diversification Centre's (CSIDC's) Annual Field Day, as well as an ICDC Field Plot tour. ICDC collaborated with Ministry staff to host a Burger and Fry Farm event for local schoolchildren. ICDC published its annual *Research and Demonstration Report, Crop Varieties for Irrigation, Irrigation Agronomics and Economics, Pivot Maintenance Manual, ICDC Forage Testing in South-West Saskatchewan,* and *The Irrigator* (Spring and Fall editions). Staff also contributed articles to a number of different publications and carried out TV and radio interviews. ICDC and Ministry staff delivered presentations at a number of farmer meetings and field days, including:
  - SIPA-ICDC Annual Conference;
  - Two Irrigation Agronomy Updates;
  - An Agri-ARM Update;
  - Crop Diagnostic School;
  - The Corn-Soybean Summit; and
  - A Subsurface Drainage Design and Water Management Workshop.

More detailed information on ICDC projects is available at: www.irrigationsaskatchewan.com.

Irrigation Crop Diversification Corporation

FINANCIAL STATEMENTS

March 31, 2017

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August 3, 2017

Independent Auditor's Report

To the Members of
Irrigation Crop Diversification Corporation

We have audited the accompanying financial statements of Irrigation Crop Diversification Corporation, which comprise the statement of financial position as at March 31, 2017 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and the related notes which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers LLP
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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

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Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Irrigation Crop Diversification Corporation as at March 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Restated comparative information
The financial statements of Irrigation Crop Diversification Corporation for the year ended March 31, 2016 (prior to the restatement of the comparative information described in note 11 to the financial statements) were audited by another auditor who expressed a qualified opinion on those financial statements on June 30, 2016 due to the completeness of a portion of revenue not being susceptible to satisfactory audit verification.

As part of our audit of the financial statements of Irrigation Crop Diversification Corporation for the year ended March 31, 2017, we also audited the adjustments described in note 11 that were applied to restate the financial statements for the year ended March 31, 2016. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the financial statements of Irrigation Crop Diversification Corporation for the year ended March 31, 2016 other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the financial statements for the year ended March 31, 2016 taken as a whole.

PricewaterhouseCoopers LLP

Chartered Professional Accountant

Irrigation Crop Diversification Corporation

Statement of Financial Position

As at March 31, 2017

	2017 $	2016 $ (note 11)
Assets		
Current assets		
Cash	508,970	478,057
Accounts receivable (note 4)	128,120	62,676
Prepaid expenses	745	745
	637,835	541,478
Tangible capital assets (note 5)	129,958	99,800
	767,793	641,278
Liabilities		
Current liabilities		
Accounts payable	57,010	1,943
Accrued liabilities	17,769	18,517
	74,779	20,460
Deferred contributions (note 6)	75,000	90,305
	149,779	110,765
Net assets		
Unrestricted net assets	591,334	530,513
Internally restricted net assets (note 7)	26,680	-
	618,014	530,513
	767,793	641,278

Commitments (note 9)
Operating lease (note 10)

Approved by the Board of Directors

_____ Director _____ Director

The accompanying notes are an integral part of these financial statements.

Irrigation Crop Diversification Corporation

Statement of Revenues and Expenditures

For the year ended March 31, 2017

	2017 $	2016 $ (note 11)
Revenue		
Member levies	105,911	108,982
Refunds	(1,549)	(1,570)
	104,362	107,412
Research contracts (note 9)	260,437	191,424
Project funding	182,765	119,411
Operating grants	175,000	175,000
Special events income	9,744	3,829
Interest income	1,452	1,520
Custom work	448	-
	734,208	598,596
Expenditures		
Salaries and wages	309,299	193,633
Research projects (note 9)	200,901	99,250
Depreciation of tangible capital assets	29,779	17,902
Professional fees	22,388	38,090
Rental	22,380	20,259
Office	15,524	11,627
Travel (note 8)	9,369	7,191
Directors' fees (note 8)	7,750	6,059
Insurance	5,334	3,532
Advertising and promotion	4,609	2,548
Repairs and maintenance	4,184	1,608
Equipment rentals	3,570	8,064
Meetings and conventions (note 8)	3,385	3,398
Telephone	2,918	2,608
Freight	2,601	1,131
Interest and bank charges	1,229	1,011
Memberships	705	395
Training	462	357
Supplies	320	239
	646,707	418,902
Excess of revenue over expenditures	87,501	179,694

The accompanying notes are an integral part of these financial statements.

Irrigation Crop Diversification Corporation

Statement of Changes in Net Assets

For the year ended March 31, 2017

	Unrestricted	Internally restricted	2017 $ Total	2016 $ Total
Balance – Beginning of year	530,513	-	530,513	350,819
Excess of revenue over expenditures	87,501	-	87,501	179,694
Transfer	(26,680)	26,680	-	-
Balance – End of year	591,334	26,680	618,014	530,513

The accompanying notes are an integral part of these financial statements.

Irrigation Crop Diversification Corporation

Statement of Cash Flows

For the year ended March 31, 2017

	2017 $	2016 $ (note 11)
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures	87,501	179,694
Item not affecting cash		
Depreciation of tangible capital assets	29,779	17,902
	117,280	197,596
Changes in non-cash working capital items		
Accounts receivable	(65,444)	(19,970)
Accounts payable	55,067	11,393
Accrued liabilities	(748)	64
Deferred contributions	(15,305)	74,949
	(26,430)	66,436
	90,850	264,032
Investing activities		
Purchase of tangible capital assets	(59,937)	(79,592)
Net changes in cash	30,913	184,440
Cash – Beginning of year	478,057	293,617
Cash – End of year	508,970	478,057

The accompanying notes are an integral part of these financial statements.

1 Nature of operations

a) The objectives of Irrigation Crop Diversification Corporation ("ICDC or "the corporation") are as follows:

i) to research and demonstrate to producers and irrigation districts profitable agronomic practices for irrigated crops;

ii) to develop or assist in developing varieties of crops suitable for irrigated conditions;

iii) to provide land, facilities and technical support to researchers in order to conduct research into irrigation technology, cropping systems and soil and water conservation measures under irrigation and to provide information respecting that research to district consumers, irrigation districts and the public; and

iv) to co-operate with the Minister of Saskatchewan Agriculture in promoting and developing sustainable irrigation in Saskatchewan.

b) ICDC was established under the Irrigation Act of 1996. ICDC is not an agent of the Crown. Membership consists of Irrigation Districts established throughout the province of Saskatchewan. ICDC is a non-profit organization exempt from Income Tax under section 149(1)(j) of the Income Tax Act.

ICDC competes for funding from government programs, grower's associations and any other opportunities it encounters. ICDC is a partner of the Canada Saskatchewan Irrigation Diversification Centre (CSIDC) conducting specific research, the results of which are transmitted to ICDC as well as to the funding entities. Levies assessed on Irrigation Districts and other irrigated lands are also used to fund research as well as the operating costs of the corporation.

2 Summary of significant accounting policies

a) Basis of presentation

These financial statements are presented in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

b) Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenditures during the reporting period. Actual results could differ from these estimates.

c) Tangible capital assets

Tangible capital assets are recorded at cost and amortized over their expected useful lives. Tangible capital assets are depreciated at the following rates and methods, with the exception of one-half the given rates in the year of purchase:

Equipment	20% declining balance
Computer equipment	30% declining balance
Motor vehicles	30% declining balance

d) Revenue recognition

Member levies are recognized in the period they are earned. Refunds are recognized using the accrual method based on actual requests submitted by Irrigation Districts.

The corporation follows the deferral method of accounting for contributions, including research contracts, project funding and operating grants. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions for expenses of the current period are recognized as revenue in the current period and restricted contributions for expenses of one or more future periods are deferred and recognized as revenue in the same period or periods as the related expenses are recognized.

Contributions of materials and services are recognized only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the corporation's operations and would otherwise have been purchased.

e) Financial instruments

Financial assets and financial liabilities, consisting of cash, accounts receivable, accounts payable and accrued liabilities are initially recognized at fair value and subsequent measurement is at amortized cost. The corporation does not consider itself to have significant exposure to credit risk, currency risk, interest rate risk, liquidity risk, market risk or other price risk.

3 Change in accounting policy

During the year ended March 31, 2017 the corporation changed its accounting policy for contributions to follow the deferral method. In previous periods, the corporation followed the restricted fund method with respect to accounting for contributions. The corporation considers the new policy to be preferable as the restricted fund established was not utilized in prior periods. This change in accounting policy has been applied retrospectively to the prior period financial statements. There were no adjustments required to the year ended March 31, 2017, or prior periods, due to this change in accounting policy.

4 Accounts receivable

	2017 $	2016 $
Research grants	122,791	58,378
Member levies	16,221	15,190
Allowance for doubtful accounts	(10,892)	(10,892)
	128,120	62,676

5 Property, plant and equipment

	2017			2016
	Cost $	Accumulated depreciation $	Net $	Net $
Equipment	132,411	32,175	100,236	64,488
Motor vehicles	37,233	15,079	22,154	31,648
Computer equipment	11,657	4,089	7,568	3,664
	181,301	51,343	129,958	99,800

6 Deferred contributions

	2017 $	2016 $
Ministry of Agriculture – Agri-Arm Funding	75,000	75,000
Ministry of Agriculture – ADOPT Funding	-	15,305
	75,000	90,305

7 Internally restricted net assets

The corporation has designated internally restricted net assets of $26,680 to assist in paying any amounts due in the event of an Irrigation District requesting a refund of their member levies.

8 Related party transactions

During the year ended March 31, 2017, members of the corporation's Board of Directors received payments for per diems and expenses of $15,751 (2016 - $12,205). All related party transactions are measured at the exchange amount, which is the consideration established and agreed to by the parties.

9 Commitments

a) Research commitments

The total maximum research commitments as of March 31, 2017 are $243,000 (2016 - $243,000), of which $162,000 of cumulative research expenditures had been incurred as of March 31, 2017 (2016 - $81,000). The total anticipated maximum commitments for these research projects are as follows:

	$
2018	81,000
Thereafter	-

b) License of occupation agreement

On October 15, 2016, the corporation entered into a "License of Occupation" agreement for land, office, and laboratory accommodation with Agriculture and Agri-Food Canada. The term of the agreement is for three years, commencing on August 1, 2016 and ending on July 31, 2019. The minimum future commitments under the agreement are as follows:

	$
2018	21,525
2019	21,525
2020	7,175

10 Operating lease

On April 1, 2016, the corporation entered into a lease agreement with the Town of Outlook, Saskatchewan for agricultural land. The term of the lease agreement is ten years and future minimum annual lease payments are $1,500 to the end of the term of the lease on March 31, 2026.

11 Restated comparative information

The corporation is restating the comparative amounts for the year ended March 31, 2016 due to prior period errors regarding the recognition of revenue for project funding and member levies. A summary of the impact of the restatement is provided immediately below:

Statement of Financial Position

	Previously $	Restated $
Accounts receivable – March 31, 2016	167,990	62,676
Deferred contributions – March 31, 2016	195,619	90,305

Statement of Revenues and Expenditures

	Previously $	Restated $
Research contracts revenue for the year ended March 31, 2016	110,424	191,424
Research projects expenses for the year ended March 31, 2016	18,250	99,250